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~~40~~. A computer-readable medium bearing a computer program containing instruction steps such that upon installation of said computer program in a general purpose computer, the computer is capable of performing the method of claim ¹~~20~~.

¹²
~~41~~. A computer programmed to carry out the steps of claim ¹~~20~~.

REMARKS

Original claims 1-19 have been cancelled in favor of new claims 20-41. Claim 20 is broader in scope any of the original claims to more fully protect the invention. New claim 22 is somewhat broader in scope than original claim 1 in order to more fully protect the invention.

Responding to the Detailed Action, the rejection of claims 1-19 under 35 U.S.C. 103(a) as being unpatentable over O'Shaughnessy (U.S. Patent No. 6,317,726, the "'726 Patent") in view of India: Financial ratios (hereafter the "India Article") is respectfully traversed. Nothing in the '726 Patent teaches or suggests the unique method of claim 20 that is limited to:

ranking at least some of the available securities according to predetermined criteria comprising a predetermined relationship between said one or more characteristics of price appreciation, said return on assets ratio and said price to cashflow ratio to form a group of ranked securities;

The undersigned has been unable to find any portion of the '726 Patent that recommends stock selection based on the combination of price appreciation and price-to-cashflow ratio, and the Examiner states that the '726 Patent does not disclose return-on-assets ratio. Claim 20 is limited to ranking based on a predetermined relationship between the factors of price appreciation, return on assets ratio and price to cashflow ratio. No one of ordinary skill would find it obvious to combine the claimed factors based on the '726 Patent and the India Article. The '726 Patent teaches away from the

invention by combining various factors with price appreciation (e.g., market capitalization, see Col. 13, lines 20-30), but not return on assets ratio or price to cashflow ratio. The '726 Patent also teaches away from the claimed invention by combining various factors with price to cashflow (e.g., price to book ratios, see Col. 10, lines 49-56), but not price appreciation or return on assets ratio.

The India Article teaches return on assets, but does not suggest that return on assets be combined with any other factor. Aside from hindsight use of the applicants' specification, there is no suggestion in either the '726 Patent or the India Article to a person of ordinary skill that the specific claimed factors should be combined in the manner claimed. Out of the hundreds of factors that conceivably could be used to select securities, the applicants have found that the combination of price appreciation, return on assets ratio and price to cashflow ratio achieve useful results. Nothing in the references of record teach or suggest this novel combination.. Thus, claim 20 is allowable.

Claims 21-41 are dependent on claim 20 and are allowable for the same reason as claim 20. In addition, these claims are limited to additional features not taught or suggested by the references of record.

Regarding claim 21, the Examiner has found no reference that teaches selection of stocks from the Nasdaq 100 index. (See pages 3-4 of the Office Action.) No reference of record teaches or suggests selecting securities based on a combination of price appreciation, return on assets ratio and price to cashflow ratio, much less making the selection from the Nasdaq 100 index. Thus, claim 21 is allowable.

Claim 22 is limited to:

determining for each of said available securities an average rank comprising the average of the one or more separate price appreciation ranks, separate return on assets ratio rank and separate price to cashflow ratio rank for said security.

Nothing in the references of record teaches or suggests such a limitation. The Examiner states that the '726 Patent does not teach selecting a desired number of securities having the highest average numerical ranks. (See page 2, par. (e) of the Office Action.) The Examiner contends that an average for a selected group of securities is taught in Col. 3 and Col. 13. However, the average shown in Table 1 of Col. 3 is merely used to calculate Sharpe Ratios (Col. 2, lines 61-67), and the average referred to at Col. 13, lines 46-47 merely states that one criteria is cashflow greater than the database mean. Nothing in the present claims relies on cashflow as a factor for selecting securities. The closest factor is price to cashflow ratio, which is very different from cashflow per se. Thus, the averages relied on by the Examiner are not remotely related to claimed average rank. No one of ordinary skill would find in the averages described by the '726 Patent a suggestion for the particular average rank of the particular factors claimed. Thus, claim 22 is allowable.

Claim 23 involves price appreciation over first and second different time periods. The '726 Patent describes price appreciation over a one year time period, but the undersigned has been unable to locate in the '726 Patent a consideration of price appreciation over a different time period. The India Article is limited to a discussion of return on asset. No one of ordinary skill would find any guidance in the references of record for the subject matter of claim 23. Thus, claim 23 is allowable.

Claim 24 is limited to a method of selecting stocks wherein the predetermined criteria consist only of the three factors claimed in claim 20, i.e., price appreciation,

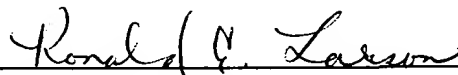
return on assets ratio and price to cashflow ratio. As pointed out previously, the '726 Patent teaches away from this subject matter, because the '726 Patent considers other factors.

Claim 30 is allowable for the same reasons as claim 23.

In summary, claims 20-41 are in condition for allowance, and such action is respectfully requested.

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Respectfully submitted,



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